

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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AMEMBASSY KINSHASA

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E.O. 11652: N/A

TAGS: ELTN, CG

SUBJECT: SNCZ RAISES RAILWAY RATES

1. STATE COMMISSIONER FOR TRANSPORT AND COMMUNICATIONS GAVE AUTHORIZATION TO SNCZ FOR RAILROAD RATE INCREASE IN LATTER PART OF JULY. BECAUSE OF COMPLEXITY OF SNCZ CALCULATING METHODS, EXACT INCREMENTS FOR DIFFERENT COMMODITIES NOT COMPLETELY KNOWN, BUT INCREASES SEEM TO VARY FROM 50 PERCENT TO 300 PERCENT.
2. AVERAGE RATE INCREASE FOR GECAMINES, THE MAJOR CUSTOMER OF SNCZ (53 PERCENT OF BUSINESS BY TONNAGE) IS EXPECTED TO BE ABOUT 75 PERCENT. GECAMINES DELEGATE GENERAL UMBA HAS INFORMED CONSULATE OFFICIALS THAT HIS COMPANY LOOKS UPON 75 PERCENT FIGURE AS STARTING POINT FOR BARGAINING. NEGOTIATIONS BEGAN ON AUGUST 7, BUT WITHOUT RESULTS AS YET.
3. FIRST KNOWN REDUCTION IN RAILWAY RATE INCREASE GIVEN TO CORN PRODUCERS. RATE WAS TO HAVE INCREASED 300 PERCENT.

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SNCZ AGREED TO 33 PERCENT REDUCTION WHICH MAKES NEW RATE

APPROXIMATELY DOUBLE OLD RATE. FROM NYUNZU, THE MOST IMPORTANT CORN PRODUCING AREA IN SHABA TO CORN MILL IN LIKASI, OLD RATE WAS 4.19 ZAIRES PER TON; NEW RATE WAS TO BE 14.81 ZAIRES PER TON, AND REDUCED RATE WILL BE 9.92 ZAIRES PER TON. PRESENCE OF NORTH SHABA MAIZE PROJECT DESIGN TEAM IN SHABA WHEN RATE CHANGES ANNOUNCED AND SUBSEQUENT MEETINGS WITH RAILWAY OFFICIALS TO DISCUSS SIGNIFICANCE OF CHANGE UNDOUBTEDLY HAD IMPACT NOT ONLY ON SPEED OF DECISION, BUT ALSO ON SIZE OF REDUCTION, 33 PERCENT BEING MAXIMUM WHICH SNCZ CLAIMS ABLE TO MAKE.

4. COMMENT: IMPORTANT STRUGGLE IS BETWEEN GECAMINES AND SNCZ ON RATE INCREASES FOR COPPER AND RELATED MATERIALS. WHILE GECAMINES WILL WANT TO MINIMIZE INCREASES, THEY SEEM AWARE THAT SNCZ FACES DIFFICULT FINANCIAL SITUATION AND NEEDS AUGMENTATION OF RATES TO MAINTAIN OPERATIONS.
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